

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 657

Introduced by Harms, 48.

Read first time January 21, 2009

Committee: Banking, Commerce and Insurance

A BILL

1 FOR AN ACT relating to the Microenterprise Development Act;
2 to amend sections 81-1276, 81-1295, 81-1296, 81-1297,
3 81-1298, 81-1299, 81-12,102, 81-12,104, and 84-612,
4 Reissue Revised Statutes of Nebraska; to change
5 provisions relating to surety bond support, purposes,
6 the Microenterprise Partnership Program, grants, and the
7 annual report under the act; to eliminate provisions
8 relating to findings, purposes, terms, grants, contracts,
9 and rules and regulations under the act; to eliminate
10 the Microenterprise Development Cash Fund; to eliminate
11 provisions relating to Cash Reserve transfers; to
12 harmonize provisions; to repeal the original sections;
13 and to outright repeal sections 81-12,100, 81-12,101,
14 81-12,103, 81-12,105, and 81-12,105.01, Reissue Revised

1 Statutes of Nebraska.

2 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 81-1276, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 81-1276 The Existing Business Assistance Division may
4 contract with any postsecondary institution of higher education,
5 community organization, governmental agency or entity, or any
6 other profit or nonprofit entity to provide specialized research,
7 technology development assistance, technology transfer services,
8 financial packaging or leveraging services, human resources
9 development services, ~~surety bond support,~~ or such other
10 specialized services as the division deems necessary if preference
11 is given to entities based in or operating in Nebraska.

12 Sec. 2. Section 81-1295, Reissue Revised Statutes of
13 Nebraska, is amended to read:

14 81-1295 Sections 81-1295 to ~~81-12,105~~ 81-12,104 shall be
15 known and may be cited as the Microenterprise Development Act.

16 Sec. 3. Section 81-1296, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 81-1296 The Legislature finds that:

19 (1) There is a need to encourage microenterprise
20 entrepreneurship for microenterprise development;

21 (2) There is a need to create employment and employment
22 opportunities in areas of chronic economic distress and in
23 low-income urban and rural areas;

24 (3) There is a need to build an environment conducive to
25 business development and growth;

1 (4) Microenterprises, including self-employment and
2 startup businesses, are important elements of the Nebraska economy
3 and play a vital role in job production, entrepreneurial skill
4 development, and enhancing low-income households' capacity to
5 become more self-sufficient;

6 (5) Nebraska's microenterprises often do not have access
7 to commercial sources of credit because of a lack of business
8 experience or training, collateral to secure business loans, or
9 business records to demonstrate their loan repayment potential;

10 (6) Community-based microenterprise programs have
11 demonstrated cost-effective delivery methods for providing
12 microenterprise training and microloans; and

13 ~~(7) Commercial lending institutions are developing~~
14 ~~innovative ways to respond to this sector of the economy, including~~
15 ~~working with nonprofit community-based organizations; and~~

16 ~~(8)~~ (7) Local and state charitable and foundation
17 support, various federal programs, and private sector support could
18 be leveraged by a statewide program for the development of the
19 microenterprise and self-employment sectors.

20 Sec. 4. Section 81-1297, Reissue Revised Statutes of
21 Nebraska, is amended to read:

22 81-1297 The purposes of the Microenterprise Development
23 Act are to:

24 (1) Better assure that Nebraska's microenterprises are
25 able to realize their full potential to create jobs, enhance

1 entrepreneurial skills and activity, and increase low-income
2 households' capacity to become self-sufficient;

3 (2) Provide funding to foster the creation of
4 microenterprises;

5 ~~(3) Establish the Department of Economic Development as~~
6 ~~the coordinating office for the facilitation of microlending and~~
7 ~~microenterprise development;~~

8 ~~(4) (3) Facilitate the development of a permanent,~~
9 ~~statewide infrastructure of microlending support organizations to~~
10 ~~serve Nebraska's microenterprise and self-employment sectors;~~

11 ~~(5) (4) Enable the department to provide provision~~
12 ~~of grants to community-based microenterprise development~~
13 ~~organizations in order to encourage the development and growth of~~
14 ~~microenterprises throughout Nebraska; and~~

15 ~~(6) (5) Enable the department to engage in contractual~~
16 ~~relationships with statewide microlending support organizations~~
17 ~~which have the capacity to administer grants subject to the~~
18 ~~requirements of the act and where such relationships would leverage~~
19 ~~additional nonstate support funds; and.~~

20 (6) Create a mechanism to deliver surety bond support
21 services to microenterprises and other private entities.

22 Sec. 5. Section 81-1298, Reissue Revised Statutes of
23 Nebraska, is amended to read:

24 81-1298 For purposes of the Microenterprise Development
25 Act:

1 ~~(1)~~ Commercial lending institution means a bank,
2 savings bank, building and loan association, or savings and loan
3 association organized under the laws of this state or organized
4 under the laws of the United States to do business in this state;

5 ~~(2)~~ (1) Department means the Department of Economic
6 Development;

7 ~~(3)~~ (2) Microenterprise means any business, whether new
8 or existing, with five or fewer employees and includes startup,
9 home-based, and self-employed businesses;

10 ~~(4)~~ (3) Microloan means any business loan up to
11 thirty-five thousand dollars; and

12 ~~(5)~~ Microloan delivery organization means any
13 community-based or nonprofit program which has developed a
14 viable plan for providing training, access to financing, and
15 technical assistance for microenterprises and which meets the
16 criteria and qualifications established for the act;

17 ~~(6)~~ Operating costs means the costs associated with
18 administering a loan or a loan guaranty, administering a revolving
19 loan program, or providing for business training and technical
20 assistance to a microloan recipient;

21 ~~(7)~~ (4) Program means the Microenterprise Partnership
22 Program;

23 ~~(8)~~ Selection process means the procedures adopted by the
24 department, as specified in section 81-12,100 and in collaboration
25 with any statewide microloan delivery organization, by which grant

1 recipients are selected; and

2 ~~(9) Statewide microlending support organization means any~~
3 ~~community-based or nonprofit organization which has a demonstrated~~
4 ~~capacity and a plan for providing and administering grants or loans~~
5 ~~to microloan delivery organizations.~~

6 Sec. 6. Section 81-1299, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 81-1299 The department shall establish the
9 Microenterprise Partnership Program. In order to implement the
10 program, the department:

11 ~~(1) Shall provide grants to microloan delivery~~
12 ~~organizations for the purposes specified in the Microenterprise~~
13 ~~Development Act. To the maximum extent possible, the selection~~
14 ~~process should assure that the distribution of such grants provides~~
15 ~~equitable access to the act's benefits by all geographic areas of~~
16 ~~the state;~~

17 ~~(2) May engage in contractual relationships with~~
18 ~~statewide microlending support organizations which shall serve as~~
19 ~~agents for the department in order to effect the purposes and~~
20 ~~fulfill the requirements of the act; and~~

21 ~~(3) May identify and coordinate other state and federal~~
22 ~~sources of funds which may be available to the department to~~
23 ~~enhance the state's ability to facilitate program grants pursuant~~
24 ~~to the program.~~

25 (1) The department shall select a single private,

1 nonprofit organization for the purpose of carrying out the
2 functions of the program which is either:

3 (a) Incorporated in the State of Nebraska and exempt
4 for federal tax purposes under section 501(c)(3) of the Internal
5 Revenue Code, as such section existed on January 1, 2009; or

6 (b) A Nebraska corporation or Nebraska organization that
7 is exempt from federal taxation under section 501(c)(6) of the
8 Internal Revenue Code, as such section existed on January 1, 2009.

9 (2) The department, in selecting an organization pursuant
10 to subsection (1) of this section, shall consider, among other
11 factors, the organization's ability to deliver a statewide program
12 and the organization's ability to ascertain that the matching
13 funds requirement described in section 81-12,102 is not by grant
14 recipients.

15 Sec. 7. Section 81-12,102, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 81-12,102 The granting of any appropriated funds
18 to a microloan delivery organization must meet the following
19 qualifications:

20 ~~(1) Granted funds must be matched by nonstate funds~~
21 ~~equivalent in money or in-kind contributions or a combination~~
22 ~~of both equal to twenty-five percent of the grant funds~~
23 ~~requested. Such matching funds can come from any nonstate source,~~
24 ~~including private foundations, federal or local government sources,~~
25 ~~quasi-governmental entities or commercial lending institutions, or~~

1 any other funds whose source does not include funds appropriated
2 from the Legislature; and

3 ~~(2) At least fifty percent of microloan funds must be~~
4 ~~disbursed by the microloan delivery organizations in microloans~~
5 ~~which do not exceed ten thousand dollars.~~

6 It is the intent of the Legislature to appropriate funds
7 to the department to be awarded as a grant to the private,
8 nonprofit organization selected pursuant to section 81-1299 to
9 carry out the purposes of the program. The department may receive
10 funds from local governments or the federal government, private
11 foundations, or other sources. The private, nonprofit organization
12 shall ensure that a recipient of a grant from the program provides
13 matching funds of at least twenty-five percent of the grant funds.
14 At least fifty percent of the grant funds disbursed to the private,
15 nonprofit organization shall be disbursed in microloans which shall
16 not exceed thirty-five thousand dollars.

17 Sec. 8. Section 81-12,104, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 81-12,104 The department shall submit an annual report
20 on its activities pursuant to the program to the Governor and
21 the Legislature on or before January 1 of each year, ~~which shall~~
22 ~~include, but not be limited to,~~ a description of the demand
23 for the program from microenterprises and grant recipients in
24 Nebraska, a listing of the recipients and amounts of grants made
25 pursuant to the Microenterprise Development Act in the previous

1 fiscal year, the impact of the grants, a description of the
2 partnerships between commercial lending institutions and microloan
3 delivery organizations that have resulted from grants made by the
4 program, and an evaluation of the program's performance based on
5 the documented goals of the recipients. The department may require
6 program recipients to provide periodic performance reports to
7 enable the department to fulfill the requirements of this section.

8 Sec. 9. Section 84-612, Reissue Revised Statutes of
9 Nebraska, is amended to read:

10 84-612 (1) There is hereby created within the state
11 treasury a fund known as the Cash Reserve Fund which shall be under
12 the direction of the State Treasurer. The fund shall only be used
13 pursuant to this section.

14 (2) The State Treasurer shall transfer funds from the
15 Cash Reserve Fund to the General Fund upon certification by the
16 Director of Administrative Services that the current cash balance
17 in the General Fund is inadequate to meet current obligations. Such
18 certification shall include the dollar amount to be transferred.
19 Any transfers made pursuant to this subsection shall be reversed
20 upon notification by the Director of Administrative Services that
21 sufficient funds are available.

22 (3) The State Treasurer, at the direction of the
23 budget administrator of the budget division of the Department
24 of Administrative Services, shall transfer such amounts not to
25 exceed seven million seven hundred fifty-three thousand two hundred

1 sixty-three dollars in total from the Cash Reserve Fund to the
2 Nebraska Capital Construction Fund between July 1, 2003, and June
3 30, 2007.

4 (4) The State Treasurer, at the direction of the budget
5 administrator, shall transfer an amount equal to the total amount
6 transferred pursuant to subsection (3) of this section from the
7 General Fund to the Cash Reserve Fund on or before June 30, 2008.

8 (5) In addition to receiving transfers from other funds,
9 the Cash Reserve Fund shall receive federal funds received by the
10 State of Nebraska for undesignated general government purposes,
11 federal revenue sharing, or general fiscal relief of the state.

12 (6) On June 15, 2007, the State Treasurer shall transfer
13 fifteen million six hundred seventy-four thousand one hundred seven
14 dollars from the Cash Reserve Fund to the General Fund.

15 (7) On June 16, 2008, the State Treasurer shall transfer
16 seventeen million nine hundred thirty-one thousand thirty dollars
17 from the Cash Reserve Fund to the General Fund.

18 (8) On June 15, 2009, the State Treasurer shall transfer
19 four million nine hundred ninety thousand five hundred five dollars
20 from the Cash Reserve Fund to the General Fund.

21 (9) On or before June 16, 2008, the State Treasurer, at
22 the direction of the budget administrator, shall transfer fifty
23 million dollars from the Cash Reserve Fund to the General Fund.

24 (10) On or before June 16, 2009, the State Treasurer,
25 at the direction of the budget administrator, shall transfer fifty

1 million dollars from the Cash Reserve Fund to the General Fund.

2 (11) From the effective date of an endowment agreement
3 as defined in subdivision (3)(c) of section 79-1101 until June
4 30, 2007, forty million dollars of the Cash Reserve Fund shall be
5 deemed to constitute the Early Childhood Education Endowment Fund.
6 Such funds shall remain part of the Cash Reserve Fund for all
7 purposes, except that the interest earned on such forty million
8 dollars shall accrue as provided in section 84-613.

9 (12) The State Treasurer, at the direction of the budget
10 administrator, shall transfer such amounts, as certified by the
11 Director of Administrative Services, for employee health insurance
12 claims and expenses, not to exceed twelve million dollars in total
13 from the Cash Reserve Fund to the State Employees Insurance Fund
14 between May 1, 2007, and June 30, 2011.

15 (13) On July 9, 2007, the State Treasurer shall transfer
16 twelve million dollars from the Cash Reserve Fund to the Nebraska
17 Capital Construction Fund.

18 (14) On July 9, 2007, the State Treasurer shall transfer
19 five million dollars from the Cash Reserve Fund to the Job Training
20 Cash Fund. The State Treasurer shall transfer from the Job Training
21 Cash Fund to the Cash Reserve Fund such amounts as directed in
22 section 81-1201.21.

23 (15) On July 7, 2008, the State Treasurer shall transfer
24 five million dollars from the Cash Reserve Fund to the Job Training
25 Cash Fund. The State Treasurer shall transfer from the Job Training

1 Cash Fund to the Cash Reserve Fund such amounts as directed in
2 section 81-1201.21.

3 (16) On or before August 1, 2007, the State Treasurer,
4 at the direction of the budget administrator, shall transfer
5 seventy-five million dollars from the Cash Reserve Fund to the
6 Nebraska Capital Construction Fund.

7 (17) On or before June 30, 2009, the State Treasurer
8 shall transfer nine million five hundred ninety thousand dollars
9 from the Cash Reserve Fund to the Nebraska Capital Construction
10 Fund.

11 (18) The State Treasurer, at the direction of the budget
12 administrator, shall transfer an amount equal to the total amount
13 transferred pursuant to subsection (12) of this section from
14 the appropriate health insurance accounts of the State Employees
15 Insurance Fund in such amounts as certified by the Director of
16 Administrative Services to the Cash Reserve Fund on or before June
17 30, 2011.

18 ~~(19) On July 9, 2007, the State Treasurer shall~~
19 ~~transfer one million dollars from the Cash Reserve Fund to the~~
20 ~~Microenterprise Development Cash Fund.~~

21 ~~(20)~~ (19) On July 9, 2007, the State Treasurer shall
22 transfer two hundred fifty thousand dollars from the Cash Reserve
23 Fund to the Building Entrepreneurial Communities Cash Fund.

24 ~~(21) On July 7, 2008, the State Treasurer shall~~
25 ~~transfer one million dollars from the Cash Reserve Fund to the~~

1 ~~Microenterprise Development Cash Fund.~~

2 ~~(22)~~ (20) On July 7, 2008, the State Treasurer shall
3 transfer two hundred fifty thousand dollars from the Cash Reserve
4 Fund to the Building Entrepreneurial Communities Cash Fund.

5 ~~(23)~~ (21) On July 7, 2009, the State Treasurer shall
6 transfer five million dollars from the Cash Reserve Fund to the
7 Roads Operations Cash Fund. The Department of Roads shall use such
8 funds to provide the required state match for federal funding made
9 available to the state through congressional earmarks.

10 ~~(24)~~ (22) On July 7, 2010, the State Treasurer shall
11 transfer five million dollars from the Cash Reserve Fund to the
12 Roads Operations Cash Fund. The Department of Roads shall use such
13 funds to provide the required state match for federal funding made
14 available to the state through congressional earmarks.

15 ~~(25)~~ (23) On July 7, 2011, the State Treasurer shall
16 transfer five million dollars from the Cash Reserve Fund to the
17 Roads Operations Cash Fund. The Department of Roads shall use such
18 funds to provide the required state match for federal funding made
19 available to the state through congressional earmarks.

20 ~~(26)~~ (24) Within seven days after April 2, 2008, the
21 State Treasurer shall transfer nine million dollars from the Cash
22 Reserve Fund to the Water Contingency Cash Fund.

23 ~~(27)~~ (25) On July 18, 2008, the State Treasurer shall
24 transfer five million dollars from the Cash Reserve Fund to the
25 Nebraska State Fair Relocation Cash Fund.

1 ~~(28)~~ (26) Within five days after the budget division
2 of the Department of Administrative Services notifies the State
3 Treasurer that matching fund requirements under section 82-331 have
4 been met, the State Treasurer shall transfer one million dollars
5 from the Cash Reserve Fund to the Nebraska Cultural Preservation
6 Endowment Fund.

7 Sec. 10. Original sections 81-1276, 81-1295, 81-1296,
8 81-1297, 81-1298, 81-1299, 81-12,102, 81-12,104, and 84-612,
9 Reissue Revised Statutes of Nebraska, are repealed.

10 Sec. 11. The following sections are outright repealed:
11 Sections 81-12,100, 81-12,101, 81-12,103, 81-12,105, and
12 81-12,105.01, Reissue Revised Statutes of Nebraska.